

MEMO

TO: Mayor Lott and City Council
FROM: Bill Niquette on behalf of Nedde Real Estate
DATE: June 16, 2022

RE: Winooski Falls East [Lot 7D]:
Request to Authorize Vermont Sales Tax Reallocation Application under the Vermont Downtown Program

BACKGROUND

The Sales Tax Reallocation program is administered by the Vermont Agency of Commerce and Community Development as part of its Downtown and Village Centers Program. It is not a grant and does not require any matching funds from the City. Rather, it represents a promise by the State to rebate actual sales tax paid by a taxable downtown development project to the City, so they can be invested in related public infrastructure that the taxable project needs. A summary of the program can be found here:

<https://accd.vermont.gov/community-development/funding-incentives/sales-tax-reallocation>

HISTORY

When the City issued its RFP for this site, there was an anticipation of the City using an award of \$400,000 to offset its investment in the parking project. In June 2020, then-City CD Director Heather Carrington and I prepared an actual application for this program requesting \$780,000 based on sales tax projections Nedde prepared with its construction manager, DEW Construction. The City was successful in obtaining a partial award of \$646,000 in July 2020. That allocation is still available for the City to utilize. We did not apply for additional funding in 2021 because there is a program rule that a project may not apply for funding under the program in consecutive years.

CURRENT REQUEST

The application process requires that we attach evidence of a municipal decision to authorize the application for Sales Tax Reallocation. There is no cost to apply and no matching funds requirement. We will collaborate with City staff to complete the application, which will seek: (1) the funds that we applied for in 2020 but were not awarded owing to funding constraints, and (2) the additional sales tax we now expect to pay based on cost increases since 2019. We currently expect the potential additional benefit to be \$200,000 - \$400,000 dollars, depending on final cost projections being completed by DEW.

I have been involved in other projects under this program that have received additional funding in this way, and I expect the project will be well-received.

Any additional funds received would be used to help offset cost increases on the same Public Improvements contemplated in the original application: parking garage, road and pedestrian infrastructure, park improvements, etc. I am available at your convenience to answer any questions. Thank you for your consideration.